



**MICHIGAN
CHAMBER
OF
COMMERCE**

September 26, 2007

Board of Directors
Michigan State Housing Development Authority
735 E. Michigan Avenue
Lansing, MI 48912

Dear Board Member:

The Michigan Chamber of Commerce represents more than 7,100 member business firms. Our mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, opportunity and responsibility.

The Michigan Chamber recognizes the important work MSHDA performs in providing housing opportunities for low and moderate-income Michigan citizens, who might otherwise have difficulty in finding decent, safe and sanitary housing. The Authority's track record in performing its mission, spanning four decades, has been acclaimed as one of the best in the country.

The Michigan Chamber also understands an important purpose of MSHDA, according to its enabling legislation, is to provide economic stimulus and job creation for the housing construction industry, particularly in difficult times, such as what we now encounter.

Several of our members and others in the affordable housing industry have recently brought to our attention that MSHDA is charting a course which will adversely affect both the housing construction industry and the economy in general.

Specifically, we are told proposed modifications to MSHDA's direct loan programs, closure of the tax-exempt bond "Pass-Through" program, and onerous changes to the Low Income Housing Tax Credit "LIHTC" Qualified Allocation Plan will severely curtail the effective and efficient use of the federal tax-exempt bond and LIHTC authority granted to Michigan by the federal government.

We also understand a second application round for 2007 for LIHTC developments has been seriously delayed and may not occur in time to start construction this season. The \$400,000,000 in economic activity represented by this second round under the existing plan is needed now, not next year, to stem the flight of construction workers from this state.

Using available bond authority for the Pass-Through program is estimated to immediately produce an additional \$400,000,000 of construction and construction-related economic activity. The \$800,000,000 of economic activity these MSHDA programs represent, all with federal resources and private investment with no need for State funds, must not be allowed to lie fallow as construction firms are cutting back Michigan operations and laying off employees in record numbers.

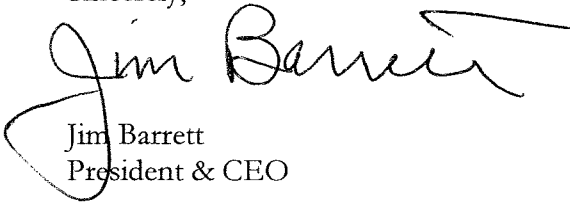
Board of Directors
Michigan State Housing Development Authority
September 26, 2007
Page 2

Construction is one of Michigan's major industries, along with manufacturing, agriculture, health care and tourism. We at the Michigan Chamber are vitally interested in doing everything possible to maintain and improve the health of Michigan's economy. By MSHDA not acting now, we lose housing construction activity, family income and jobs.

We respectfully ask you immediately implement the suggestions listed herein and work with the housing providers in the industry to spur economic activity in Michigan.

Thank you for your consideration.

Sincerely,



Jim Barrett
President & CEO

JB/plf

cc: Michael DeVos, Executive Director